



ECOLAB WATER RISK MONETIZER

POWERED BY MICROSOFT AND TRUCOST



Water scarcity threatens business vitality in regions around the world, making smart water management a business imperative. The Water Risk Monetizer helps companies understand the impact of declining water quantity and quality and provides actionable information that helps them turn water risk into business strategy that enables growth.

In much of the world, water is undervalued and underpriced, and as a consequence, businesses often overlook its actual value to operations. Water risks, ranging from rationing and price increases to insufficient quality and increasing regulations, can disrupt operations, threaten product quality, increase expenses and curtail growth. The overall costs of these risks can far exceed the price paid for water but are not usually factored into a company's water bill.

To operate successfully in a water scarce environment, businesses must integrate water management into business strategy and planning. However, the disconnect between market price and risk makes it hard to justify investing in solutions to water-related challenges, or to make optimal decisions about locating or expanding operations.

The Water Risk Monetizer can help with data and information to help companies monetize water-related business risks and understand the gap between water prices and the potential costs of water risks.

The Water Risk Monetizer is an easy-to-use tool designed to help businesses quantify in monetary terms the water risks related to availability and quality. This first-of-its kind, publicly available financial modeling tool uses readily available information about water use, water costs, water quality, revenue and production projections at a facility level to calculate the full value of incoming and outgoing water based on local water scarcity. The calculation takes into account tangible factors such as scarcity and quality as well as less tangible human health and environmental impacts of water use in a particular area to determine risk levels and display risks in comparison to current water costs.

Making the complex simple

Assessing the value of water – and the financial risk of water scarcity now and in the future, at one site and across an enterprise – is complex, involving multiple factors. The Water Risk Monetizer transforms the complexities into clear, straightforward assessments and translates risks into the language of business: monetary impact.

Best-in-class local water basin datasets, economic techniques and scientific methodologies developed by Trucost enable businesses to monetize water-related business risks. The tool provides a comprehensive series of risk metrics to help businesses understand incoming (quantity and quality) risks and outgoing (quality) risks:

- **Incoming water risks:** monetary value of the impacts of water use on human health and ecosystems and the future costs of incoming water treatment
- **Outgoing water risk:** monetary value of the impacts of outgoing water pollution on human health and ecosystems and the future costs of water treatment
- **Potential revenue at risk:** monetary value of the impacts of water use versus availability based on water required to do business
- **Enterprise risk profile:** assessment of each facility's risk based on three-year projected output growth and location-specific water stress



Informing business decisions

Use the Water Risk Monetizer to:

- Understand the full value of water to an operation
- Incorporate risk-adjusted incoming and outgoing water cost estimates into a facility budget, financial projections, business scenarios, project proposals, etc.
- Make the case for proactive water management strategies by utilizing risk-adjusted costs to demonstrate potential risk-based return on investment compared to conventional modeling using only market water costs
- Identify operations/locations at greatest risk based on quantity and quality risks and growth projections
- Prioritize water conservation and reuse investments based on site-specific water risks
- Select where and how to increase production
- Determine where to expand to meet demand
- Support development of a successful corporate water strategy: prioritize actions, minimize risk, maximize performance and optimize costs by reducing, reusing and recycling water

The Water Risk Monetizer was launched in 2014 and developed by Ecolab, a global leader in water technologies and services; Trucost, part of S&P Dow Jones Indices, a global leader in valuing natural capital; and Microsoft, the leading platform and productivity company for the mobile-first, cloud-first world. Through this collaboration, the tool leverages industry insights, advanced analytics and Azure Cloud technology to help business leaders easily access information to better understand the impacts of water scarcity.